Manitoba

ANNUAL REPORT

2000 - 2001

Manitoba Horse Racing Commission

David Miles (Chair)
Dushant Persaud (Vice-Chair)
Glen Maxwell (Member)
Keith Hannah (Member)

MANITOBA HORSE RACING COMMISSION
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June 16th, 2001

Minister of Industry, Trade & Mines
Room 358
Legislative Building
Winnipeg, Manitoba
R3C OV8

Attention: Ms. Maryann Mihychuk

Dear Ms. Mihychuk:

The undersigned has the honour to present the Thirty-Fifth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2001.

Yours truly,
Manitoba Horse Racing Commission

David Miles
Chairman

DM/jlc

THIRTY-FIFTH ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

For the year ending March 31, 2001

COMMISSIONERS - As of March 31st, 2001

David Miles	**Chair**	**Winnipeg**
Dushant Persaud	**Vice Chair**	**Winnipeg**
Keith Hannah	**Member**	**Waskada**
Glen Maxwell	**Member**	**Rossburn**

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THIRTY-FIFTH ANNUAL REPORT

THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31st, 2001.

THOROUGHBRED RACING

The total combined live and simulcast wagering for 2000/2001 was $32,793,022. This was a decrease from the previous year of $1,499,618 (about 4%). Of significance and of even greater concern is the decrease in the betting on live races from $7,283,381 to $6,217,369 – a decrease of $1,066,012 (about 15%). This decrease occurred notwithstanding that the number of live race days remained constant at 75. The Manitoba Jockey Club recognizing the problem has taken steps to correct it. The track takeout has been reduced – thereby returning more money to the bettors. In other jurisdictions this has led to a significant increase in wagering.

In a continuing effort to attract more horses to compete with other jurisdictions Assiniboia Downs continued to implement purse increases. The per race purse average increased from $6,644 in 1999 to $7,246 in 2000. The horse population has increased from about 700 to 725. The limited success in attracting new horses is due in part to the explosion of purses in other jurisdictions.

Of encouragement is the increase in employment created by the running of the live meet. During the live meet held between May and October of the year 2000 the "backstretch" operations created jobs for about 713 persons - compared to 615 the previous year. This is in addition to the jobs created by the Manitoba Jockey Club in its operation of the grandstand facility.

Furthermore, the jobs created in the backstretch are filled to a large extent by persons with few skills adaptable to the workplace outside the confines of the race track environment.

The Horsemen's Benevolent and Protective Association (H.P.B.A.) in conjunction with the Manitoba Jockey Club continued to improve the scope and quality of the "people programs" being provided to backstretch personnel. Included are a Day Care Centre, an Adult Learning Centre, computer courses, and a substance abuse rehabilitation program. Some of these programs are offered to and used by the community-at-large.

STANDARDBRED RACING

During the summer of 2000 the Manitoba Great Western Harness Racing Circuit (M.G.W.H.R.C.) raced 31 days. Wagering problems continue as the average handle on

the circuit declined from $7,845 per day to $5,558 per day. The industry and the Commission have been working together to find and implement ways to reverse this trend.

QUARTER HORSE RACING

Due to a local problem rural quarter horse racing was not available in 2000. The entire program was shifted to Assiniboia Downs. Quarter Horse racing is scheduled to return to rural Manitoba in the summer of 2001. A two-day meet will be held in Rossburn.

SCHEDULE A

Assiniboia Downs

Thoroughbred Live Racing Season (May 6/00 – October 2/00)

	2000	1999
Thoroughbred Handle	6,217,369	7,283,381
Simulcast Handle	10,816,494	10,908,157
Total Handle	$ 17,033,863	$ 18,191,538
Number of Live Race Days	75	75
Number of Races (Live)	601	617
Number of Simulcast Days	149	148
Average Daily Handle (Live)	82,898	97,111
Average Daily Handle (Simulcast)	72,594	73,704
Gross Purses	4,354,853	4,099,489
Per Race Purse Average	7,246	6,644

Simulcast Racing Season

	2000/01	1999/00
Pari-Mutuel Handle	$ 15,759,159	$ 16,101,102
Number of race days	215	217
Average Daily Handle	73,298	74,199

Totals

	2000/01	1999/00
Pari-Mutuel Handle	$ 32,793,022	$ 34,292,640
Number of race days	364	365
* Average Daily Handle	90,090	93,952

* Note 75 days offer both simulcast and live racing.

SCHEDULE B

Rural Racing

	Racing Days		Amount Wagered	
Standardbred	**2000**	**1999**	**2000**	**1999**
Dauphin	2	2	$ 19,274	$ 29,256
Deloraine	2	4	10,937	17,954
Glenboro	2	4	12,933	24,489
Holland	4	4	19,970	26,066
Killarney	4	4	37,535	36,412
Minnedosa	0	2	0	20,294
Portage	2	2	13,021	14,167
Wawanesa	3	4	17,175	33,168
Miami	6	2	30,352	17,873
Extended (Holland)	6	0	11,132	$ 0
	31	28	$ 172,302	$ 219,679
Quarter Horse				
Rossburn	0	2	$ 0	$ 6,634
TOTALS:	31	30	$ 172,302	$ 226,313

Other Comparative Statistics

	2000	1999
Gross Purses - Standardbred	$ 358,312	$ 342,276
Per Race Purse Average - Standardbred	$ 1,572	$ 1,301

Provincial Support Programs

	2000	1999
Overnight Support - Standardbred	$ 358,328	$ 351,800
Breeders/Owners Incentives - Standardbred	134,300	134,300
Breeders/Owners Incentives – Quarter Horse	14,700	20,600
TOTALS	$ 507,328	$ 506,700

Note: For the year 2000 Quarter Horse racing was only at Assiniboia Downs.

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 2001

Occupational Licenses	Thoroughbred		Standardbred	
	2000	1999	2000	1999
Owner/Trainer	129	128	19	23
Trainer	39	30	2	3
Assistant Trainer	17	13	1	1
Owner/Trainer/Driver	0	0	24	18
Owner/Driver	0	0	2	2
Jockey (1/4 & Amateur incl.)	33	21	0	0
Apprentice Jockey/Exercise Rider	55	41	0	0
Driver	0	0	7	5
Driver/Trainer	0	0	0	1
Jockey Agent	5	7	0	0
Officials	12	14	6	1
Backstretch	217	186	18	16
Occ 1 (Assoc., Kitchen, etc.)	159	140	1	1
Occ 2 (Press, etc.)	10	4	0	0
Occ 3 (Tradesmen, etc.)	30	26	1	1
Occ 5 (Veterinarians, etc.)	7	5	2	0
TOTAL LICENSES ISSUED:	713	615	83	72

Registrations & Non-Occupational	Thoroughbred		Standardbred	
	2000	1999	2000	1999
Owners	596	653	85	75
Sponsored Persons	134	137	1	0
Partnerships	211	224		
Stable Names	142	154		
Colours	27	18		
Leases	10	11		
Authorized Agents	185	177		
Open Claims	16	15		

	Quarter Horse	
	2000	1999
All Categories	0	147

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

Thoroughbred	2000	1999
Rulings	94	103
Fines	$ 6,700	$ 7,175
Suspensions	27	10
Claims	$ 397,750	$ 445,563

Standardbred	2000	1999
Rulings	45	3
Fines	$ 1,450	$ 250
Suspensions	6	11
Claims	$ 4,500	$ 13,125

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with the accounting policies stated in Note 2 to the financial statements. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Provincial Auditor is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects. The Provincial Auditor's report is included in the annual report.

D.F. WILLIAMS, Q.C.
Executive Director

ISER KAY, C.M.A.
Comptroller

Date: May 4, 2001

The Horse Racing Commission

Financial Statements
March 31, 2001

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Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly and
The Directors of The Horse Racing Commission

We have audited the balance sheet of The Horse Racing Commission as at March 31, 2001 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
May 4, 2001

THE HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2001
(with 2000 figures for comparison)

Assets	General Fund	Restricted Funds: Pari-mutuel Levy Fund	Restricted Funds: H.B.P.A. Fund	Restricted Funds: C.T.H.S. Fund	Restricted Funds: General Support Fund	Total Year ended March 31 2001	Total Year ended March 31 2000
Current assets:							
Cash on hand and in bank	$ 288,752	$ -	$ 335,877	$ 240,575	$ -	$ 865,204	$ 550,257
Due from General Fund	-	-	-	-	28,757	28,757	51,305
Pari-mutuel levy receivable	-	44,625	-	-	-	44,625	31,297
Pari-mutuel distribution receivable	4,613	-	31,539	8,473	-	44,625	31,297
	293,365	44,625	367,416	249,048	28,757	983,211	664,156
Long-term funding commitments							
Province of Manitoba	233,793	-	-	-	-	233,793	206,594
	$ 527,158	$ 44,625	$ 367,416	$ 249,048	$ 28,757	$ 1,217,004	$ 870,750
Liabilities							
Current liabilities:							
Accounts payable accrued liabilities	$ 34,273	$ -	$ 367,416	$ 249,048	$ 28,757	$ 679,494	$ 402,523
Deferred revenue	-	-	-	-	-		1,964
Due to C.T.H.S. Fund	-	8,473	-	-	-	8,473	5,992
Due to General Fund	-	4,613	-	-	-	4,613	3,219
Due to General Support Fund	28,757	-	-	-	-	28,757	51,305
Due to H.B.P.A. Fund	-	31,539	-	-	-	31,539	22,086
	63,030	44,625	367,416	249,048	28,757	752,876	487,089
Long-term liability:							
Provision for employee pension benefits	233,793	-	-	-	-	233,793	206,594
	296,823	44,625	367,416	249,048	28,757	986,669	693,683
Unrestricted fund balances end of year, Exhibit B	230,335	-	-	-	-	230,335	177,067
	$ 527,158	$ 44,625	$ 367,416	$ 249,048	$ 28,757	$ 1,217,004	$ 870,750

APPROVED BY THE COMMISSION

Chairman

Comptroller

THE HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenditure and Fund Balances
for the year ended March 31, 2001
(with 2000 figures for comparison)

	Restricted Funds					Total	
	General Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	Year ended March 31 2001	2000
Revenue:							
Fees, licenses and fines (Note 4)	$ 99,695	$ -	$ -	$ -	$ -	$ 99,695	$ 104,775
Grant from the Government of the Province of Manitoba	141,800	-	-	-	-	141,800	36,500
Grant from The Horse Racing Commission	-	-	-	-	16,228	16,228	5,600
Grant from the Manitoba Lotteries Distribution System	-	-	-	-	491,100	491,100	501,100
Interest	14,167	-	5,160	12,041	-	31,368	23,690
Pari-mutuel levy	-	3,131,447	-	-	-	3,131,447	3,272,391
Pari-mutuel levy fund distribution	327,987	-	2,221,697	581,763	-	3,131,447	3,272,391
Long term funding commitments - Province of Manitoba	27,199	-	-	-	-	27,199	28,321
	610,848	3,131,447	2,226,857	593,804	507,328	7,070,284	7,244,768
Expenditure:							
General Fund expenditures, Exhibit C	557,580	-	-	-	-	557,580	584,125
Nomination payments (Net)	-	-	-	-	-		11,515
Overnight purse support thoroughbred	-	-	2,226,857	-	-	2,226,857	2,324,817
Owners/breeders incentive thoroughbred	-	-	-	593,804	-	593,804	615,515
Pari-mutuel levy fund distribution	-	3,131,447	-	-	-	3,131,447	3,272,391
Quarter Horse support	-	-	-	-	14,700	14,700	20,600
Standardbred rural							
Overnight support	-	-	-	-	358,328	358,328	349,100
Owner/breeders incentive	-	-	-	-	134,300	134,300	158,920
	557,580	3,131,447	2,226,857	593,804	507,328	7,017,016	7,336,983
Excess (deficiency) of revenues over expenses	53,268	-	-	-	-	53,268	(92,215)
Fund balances, beginning of year	177,067	-	-	-	-	177,067	269,282
Fund balances, end of year	$ 230,335	$ -	$ -	$ -	$ -	$ 230,335	$ 177,067

THE HORSE RACING COMMISSION

Exhibit C

Statement of General Fund Operating Expenditure
for the year ended March 31, 2001
(with 2000 figures for comparison)

	2001	2000
Expenditure:		
Advertising and promotion	$ 3,831	$ 550
Commissioners' per diem and honoraria	31,658	58,763
Drug, alcohol and security	8,254	6,935
Employee benefits	24,800	36,905
Equipment and office furniture	17,682	31,550
Equipment rentals	6,079	3,676
Memberships and dues	6,039	4,605
Office	7,929	10,200
Pension costs	30,652	31,215
Professional fees	87,969	82,392
Recruiting costs	2,732	222
Repairs and maintenance	7,004	6,644
Research grant	5,000	5,000
Salaries		
Administration	59,660	55,829
Security	22,939	28,245
Stewards and judges	136,524	126,024
Veterinarian services	46,197	42,379
Sundry	630	505
Support grant	16,228	5,600
Telephone	7,913	6,659
Travel	27,860	40,227
	$ 557,580	$ 584,125

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2001

1. Nature of operations

The objectives of the Commission are to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Manitoba Horse Racing Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the General Support Fund is provided through the Manitoba Lotteries Distribution System.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2001

2. Significant accounting policies

A) Revenue from the Province of Manitoba

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

B) Pension costs

These consists of the employer's share of pension benefits paid to retired employees, as well as the increase in unfunded pension liabilities during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years begin determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 1998.

C) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

The Commission follows generally accepted accounting principles with the exception of:

A) Capitalization and depreciation

The costs of building renovations and purchases of equipment and office furniture, which are immaterial in amount, are charged directly to operations. Accordingly, depreciation is not provided for in the accounts.

3. Accounting for pension liability and expenses

The Commission follows the accrual method of accounting for its unfunded pension liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no terms of repayment for this receivable.

THE HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2001

4. Fees, licenses and fines	2001	2000
Assiniboia Downs		
Daily licenses	$ 52,150	$ 51,660
Fees and licenses	34,826	36,625
Fines	6,114	10,465
	93,090	98,750
Rural Circuit		
Daily licenses	3,875	3,500
Fees and licenses	1,305	2,150
Fines	1,425	375
	6,605	6,025
	$ 99,695	$ 104,775